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February 1, 2017

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 - 12th Street, SW
Room TW-A325
Washington, DC 20554

Re: WC Docket No. 10-90; CC Docket No. 96-45

Dear Ms. Dortch:

On December 20, 2016, the Federal Communications Commission ("FCC") released a Public Notice ("Notice"). According to the Notice, the FCC had concluded that Sandwich Isles Communications, Inc. ("SIC") had improperly received payments of over \$27,270,390 from the federal high-cost support mechanisms through repeated violations of the FCC's rules.¹

In light of the FCC's findings, the FCC directed SIC to submit a response by February 3, 2017, explaining why the FCC should not terminate the previously granted study area boundary waiver providing SIC status as an incumbent local exchange company for

¹Notice at 1, wherein the FCC references the *Sandwich Isles Improper Payment Order*, WC Docket No. 10-90, FCC 16-167 (2016) (hereafter referred to as "FCC 16-167").

The FCC also issued: a Notice of Apparent Liability for Forfeiture and Order ("FCC 16-165") on December 5, 2016, in File No. EB-IHD-15-00019603; and a Memorandum Opinion and Order ("FCC 16-166") on December 5, 2016, in WC Docket No. 09-133. FCC 16-165, FCC 16-166, and FCC 16-167 are collectively referred to as the "Notice and Orders."

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purposes of receiving high-cost support, which would make it ineligible to receive such support.²

The commission is cognizant of the FCC's findings in the Notice and Orders, and importantly, that said findings raised serious issues and concerns with respect to whether SIC has properly used, and is properly using the universal service high-cost support it received from the Universal Service Fund.

The commission is also aware of the following: 1) the Universal Service Administrative Company's ("USAC") pending determinations regarding the proper amount of high-cost support that should have been disbursed to SIC in 2015 and 2016, and the amounts that should be disbursed in 2017 ("USAC Determinations"); and 2) the FCC's direction for USAC to investigate SIC's affiliate transactions for costs incurred in calendar year 2016 to ensure that SIC accurately reports its costs going forward ("USAC Investigation").³

Based on the FCC's findings in the Notice and Orders, and the pendency of the USAC Determinations and the USAC Investigation, the commission maintains its position regarding non-certification of SIC,⁴ and will continue to maintain said position pending further action by the FCC.

Sincerely,



Caroline C. Ishida
Chief Counsel

²Notice at 1, which reflects that the FCC also directed the Wireline Competition Bureau ("Bureau") to seek comment from the Hawaii Public Utilities Commission ("commission") on the continued applicability of the study area waiver. By the Notice, the Bureau requested said comment from the commission.

³FCC 16-167 at 2.

⁴See Decision and Order No. 33955, issued on September 30, 2016, in the commission's Docket No. 2016-0093, Docket No. 2016-0120, Docket No. 2016-0121 (Consolidated).